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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

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July 27, 2007

Ken May, General Manager
Canyon Fuel Company, LLC
397 South 800 West
Salina, Utah 84654

Re: North Water Spring – Additional Drilling and Studies, SUFCO Mine, Canyon Fuel Company, LLC, C/041/0002, Outgoing File

Dear Mr. May,

Thank you for your notification, by letter dated July 11, 2007, to resume your studies of the North Water Spring hydrological regime. The Division coordinated with the Forest Service on your continued studies and they have no problem with this continued investigation. No permitting action is required, however, a report of your results should be submitted to the Division within 60 days of completion of these studies.

This work will be very important and helpful to all parties in understanding how the spring flow has been affected and what will be the best mitigation. We look forward to your proposed mitigation plan for the North Water Spring. Please include your timetable to submit this mitigation plan with the results of your continued studies of the hydrologic regime in this area.

If you have any questions, please call me at (801) 538-5268

Sincerely,

A handwritten signature in black ink, appearing to read "Pamela Grubaugh-Littig".

Pamela Grubaugh-Littig
Permit Supervisor

cc: Mesia Nyman, FS
Tom Lloyd, FS
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